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*Kyoto was a sham and a failure—so how has it become a model for future anti-warming efforts?*

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## Sins of Emission

**S**even years into the administration of George W. Bush—what some critics have taken to calling “the reign of error”—it has become almost irresistibly tempting for many Americans, and even more foreigners, to reflexively mistrust whatever the president advocates, and to favor whatever he stands against. As his days in office wind down, it’s looking more and more as if Bush might have been a uniter after all.

Even in this environment, one must look upon the political rehabilitation of the Kyoto Protocol—a misbegotten concept and an abject failure in practice—as a signal achievement of this administration. Early on, even Kyoto’s champions saw large flaws. Al Gore, speaking for the administration that signed the deal in 1998, said then that the agreement should not go to the Senate for ratification “until key developing nations participate in this effort ... This is a global problem that will require a global solution.” But many of those countries (China among them) never did participate meaningfully—and the Senate had effectively scuttled the pact anyway the year before, by a vote of 95–0.

The lopsidedness of the vote was not surprising; the burden that Kyoto would have placed on the country was politically indefensible. According to a calculation by the Yale economist William Nordhaus, the original protocol yielded negligible benefits for the United States, at a cost of more than \$5 trillion. Europe faced net costs, too, but only about one-fifth as large. As seen from Europe, this bargain may have been more about punishing America for its energy-squandering way of life than about curbing global emissions of greenhouse gases.

Yet beginning in 2001, by opposing the agreement so obtusely, by offering no plausible alternative, and by denying for so long that climate change was even a significant problem, the Bush administration began to shield Kyoto from criticism and to energize its supporters. Bathed in the glow of Bush’s disdain, an enterprise that was doomed from the start came to look like a thwarted triumph. By 2003, after the president had killed any prospect of American involvement, more than 90 percent of Americans were telling pollsters that they had heard of global warming; 88 percent, lacking any other tangible

alternative, supported the protocol as a way to reduce warming's impact. International talks are now under way to negotiate a new climate-change treaty. Once this administration has departed, it is widely believed, the world can build on the success that might have been.

In fact, the best chance of progress is to see Kyoto as the disaster that it was. Its impact on greenhouse-gas concentrations has so far been minimal, and not just because the United States stood aside. With every other rich country signed on, the decades-old upward trend in emissions has not slowed. Japan and Canada are hopelessly above their quotas. In western Europe, only three countries are now on pace to hit theirs. With time running out, others say that they will make the necessary policy changes by 2012, when Kyoto expires—but then, it's easy to say that.

**W**hy has Kyoto been so ineffective? Because of disputes over fairness, which caused the United States and the big developing countries to opt out. Because of a lack of enforceability. And, at the root of it all, because of its fathomless complexity. The agreement required country-by-country targets for emissions, which were difficult to negotiate. What factors, it was asked, should be considered in selecting each country's targets? Current efficiency of energy use? Demographic projections? The pattern of industry? Different nations, as one might imagine, favored different approaches, based on self-interest. In the end, targets were all over the map, and in some cases difficult to defend objectively: Australia was allowed an 8 percent increase in emissions over 1990 levels, for instance, while Canada was required to reduce emissions by 6 percent. Needless to say, this process did not go smoothly.

Then, after all that negotiation, circumstances changed (economies grew or shrank; energy-intensive industries waxed or waned), making it easy for some countries (like the former Soviet satellites) to meet or surpass their targets, while others (such as Canada) found it difficult or impossible. The result: some countries didn't need to change their polluting practices at all; the rest had all manner of excuses for doing nothing.

Carving all of Kyoto's targets (as well as a raft of other provisions intended to give the protocol some flexibility) into the granite of a global treaty was a gigantic undertaking. The product of all this effort has been many wasted years.

Tragically, the world looks poised to repeat this same cycle. The climate-change negotiations in Bali, Indonesia, at the end of last year pointed to a new treaty that preserves the defects of the old one. The aim, once more, is "binding" country-by-country targets for emissions, with rich nations doing the heavy lifting. This is precisely the failed Kyoto approach. Many of the officials at the

negotiations booed and hissed at the U.S. representative until the Americans agreed to further talks about how this approach might be implemented.

**I**nternational action on global warming is called for. The best way forward is to switch from a tightly managed global regime based on quotas of carbon emissions to a more loosely coordinated system based on the price of carbon. To curb greenhouse-gas emissions, carbon-based energy has to get more expensive, whether you directly limit the amount emitted, or raise the price that emitters pay for the privilege. Steering the price and letting the market set quantities, rather than the other way around, has many economic advantages. But the best reason for doing it this way is geopolitical: it would make it easier for governments to act in concert and would give them less cover for shirking their responsibilities.

Instead of having to agree at the outset on long-range quantity targets—and the myriad arrangements needed to implement them—governments would strive to converge over time on just one number: the price of carbon. No need to set a baseline for emissions, or fixed long-term targets. No need to punish or reward countries for their earlier policies. No need to rewrite the treaty as circumstances change, or as countries leave or join. And no need to delay action until a monstrous new international treaty has every disputed detail nailed down.

The simplest way to raise the price of carbon is to tax it at so much per ton. (Yale's Nordhaus, for example, has proposed a carbon tax starting at around \$30 a ton and rising over time; that translates to a modest initial tax of 10 cents on a gallon of gasoline. Other economists recommend a tax many times larger.) Many U.S. politicians see a carbon tax as electoral poison, regardless of the new mood on climate change. Maybe they're right—but political resistance to an explicit tax need not block this approach. One could simply link the carbon tax to an equivalent cut in some other tax. Alternatively, systems that disguise carbon taxes from the public are easy to devise, and the details could be left to individual countries. For instance, a modified cap-and-trade system (with additional permits for sale at a fixed price) could mimic the carbon-curbing effects of a tax.

Aid from rich countries to poor to support the transfer of carbon-saving technology, a key sticking point in the Kyoto negotiations, would still be desirable. But that question could be disentangled from the basic agreement, and settled separately. The main multilateral push could focus on finding a common tax rate, and in the meantime, each country could move ahead on its own. The carbon tax would be a simple and transparent measure of each country's effort to address global warming, and a focus for international persuasion.

The United States can still lead on this issue. If it does, perhaps we can get on with doing something useful about global warming—and bury the Kyoto approach once and for all.